



# House of Representatives

General Assembly

**File No. 474**

January Session, 2011

House Bill No. 5585

*House of Representatives, April 7, 2011*

The Committee on Planning and Development reported through REP. GENTILE of the 104th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## **AN ACT CONCERNING DESIGNATED REHABILITATION AREAS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-65e of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2011*):

3 Any municipality which has adopted a resolution, in accordance  
4 with the provisions of section 12-65d, designating such municipality or  
5 any part thereof as a rehabilitation area, may, upon application of the  
6 owner of any real property located in such area who agrees to  
7 rehabilitate such property or construct (1) new multifamily rental  
8 housing or cooperative housing on such property, or (2) if such  
9 property is a brownfield as defined in section 32-9cc, new multifamily  
10 rental housing, cooperative housing, common interest communities or  
11 mixed-use or commercial structures on such property, enter into an  
12 agreement to fix the assessment of the property, during the period of  
13 rehabilitation or construction, as of the date of the agreement, but for  
14 not longer than seven years, and upon completion of such  
15 rehabilitation or construction, to defer any increase in assessment

16 attributable to such rehabilitation or construction for a period not to  
17 exceed eleven years, contingent upon the continued use of the  
18 property for the purposes specified in the agreement, provided such  
19 property meets the criteria established by such municipality in  
20 accordance with section 12-65d and provided further such deferral  
21 shall be determined as follows: For the first year following completion  
22 of such rehabilitation or construction, the entire increase shall be  
23 deferred; thereafter a minimum of ten per cent of the increase shall be  
24 assessed against the property each year until one hundred per cent of  
25 such increase has been so assessed. The agreement shall provide that,  
26 in the event of a general revaluation by the municipality in the year in  
27 which such rehabilitation or construction is completed resulting in any  
28 increase in the assessment on such property, only that portion of the  
29 increase resulting from such rehabilitation or construction shall be  
30 deferred; and in the event of a general revaluation in any year after the  
31 year in which such rehabilitation or construction is completed, such  
32 deferred assessment shall be increased or decreased in proportion to  
33 the increase or decrease in the total assessment on such property as a  
34 result of such general revaluation. Such agreement shall further  
35 provide that such rehabilitation or construction shall be completed by  
36 a date fixed by the municipality and that the completed rehabilitation  
37 or construction shall be subject to inspection and certification by the  
38 local building official as being in conformance with the criteria  
39 established under section 12-65d and such provisions of the state  
40 building and health codes and the local housing code as may apply.  
41 Any such tax deferral shall be contingent upon the continued use of  
42 the property for those purposes specified in the agreement creating  
43 such deferral and such deferral shall cease upon the sale or transfer of  
44 the property for any other purpose unless the municipality shall have  
45 consented thereto.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2011</i>	12-65e
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**PD**

*Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** See Below

***Explanation***

The bill allows a municipality to enter into an agreement to fix, and defer any increase in, the assessment of a brownfield property on which construction of a new common interest community or mixed-use or commercial structures is undertaken. To the extent that this incents the development of such properties, a corresponding future increase to the municipality's grand list will ensue. The full increase would be delayed for up to eleven years.

***The Out Years***

***State Impact:*** None

***Municipal Impact:*** See Above

**OLR Bill Analysis****HB 5585*****AN ACT CONCERNING DESIGNATED REHABILITATION AREAS.*****SUMMARY:**

Current law allows municipalities to defer an increased property tax assessment on property located in a designated rehabilitation area if the owner agrees to rehabilitate the property or build new multifamily rental or cooperative housing on it. This bill also allows municipalities to defer an assessment increase if the property is a brownfield site and the owner agrees to build a new common interest community or mixed-use or commercial structure on it.

Brownfields are abandoned or underutilized sites where groundwater or soil contamination discourages their redevelopment or reuse.

EFFECTIVE DATE: October 1, 2011

**BACKGROUND*****Local Option Property Tax Incentives for Rehabilitation Areas***

By law, a municipality's legislative body must adopt a resolution designating the rehabilitation area, which may include all or part of the municipality, to offer the deferred assessments. The resolution must specify the criteria for the deferred assessments, including the (1) property's initial condition, (2) extent and nature of the improvements, and (3) acceptable uses of the property. The municipality can fix the property's assessment during the rehabilitation or construction period, for up to seven years, and then defer the increased assessment attributed to the improvements for up to 11 years. The deferral starts at 100% forgiveness in the first year and decreases by 10% in each subsequent year. The deferral must be contingent on the continued

use of the property for the specified purposes; it ends when the property is sold or transferred for other purposes, unless the municipality agrees to the change.

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable

Yea    20    Nay   0    (03/23/2011)